

**S.E.C. RULE 15c2-12
ANNUAL REPORT
FISCAL YEAR ENDED JUNE 30, 1998**

The State of California (the "State"), acting by and through the State Treasurer's Office of the State of California, hereby provides its annual report for the fiscal year ended June 30, 1998 in connection with the following:

Bond Issue

Name of Issue	Dated Date	Date of Continuing Disclosure Agreement
California State University Headquarters Building Authority Lease Revenue Bonds, Series B	9/1/97	10/9/97

The base CUSIP number for the bond listed above is 13077K - _ _ _.

Note: The base CUSIP number provided is for the convenience of Bondholders. The State Treasurer's Office is not responsible for the accuracy or completeness of such numbers.

Annual Report

The State's "annual report" (as defined in the Continuing Disclosure Agreement for the Bonds) for the fiscal year ended June 30, 1998 consists of:

1. Financial information (including the audited General Purpose Financial Statements for the State) contained in Appendix A of the Official Statement, dated February 23, 1999, with respect to \$500,000,000 of State of California General Obligation Bonds (\$413,460,000 General Obligation Bonds and \$86,540,000 General Obligation Refunding Bonds) (the "February 23, 1999 Official Statement"), which information is incorporated herein by reference. A copy of the February 23, 1999 Official Statement has previously been filed with each of the Nationally Recognized Municipal Securities Information Repositories and is available from any of them.
2. The status of construction of the Project: Phase Two, the construction of the building is on schedule and is expected to be completed in March 1999. Phase Three will consist of the demolition of the Existing Building, construction of additional parking and enhancement of a park-like area. Phase Three will begin in April 1999 and is expected to be completed by approximately October, 1999.

3. Audited financial statements of the Trustees. This information is provided in Exhibit 1. To access Exhibit 1, click on the following link:
<http://www.acct.co.calstate.edu/BusinessFinance/auditedFINLS\98AUDFS.pdf>
4. Information concerning the outstanding long-term indebtedness of the Trustees. This information is provided in the table in Exhibit 2 attached hereto.
5. In addition, as a part of the annual report, the Trustees confirm that the insurance required by Section 8 of the Sublease relating to the Bonds is in effect.

Other Matters

This annual report is provided solely for purposes of the Continuing Disclosure Agreement. The filing of this report does not constitute or imply any representation (i) that all of the information provided is material to investors, (ii) regarding any other financial, operating or other information about the State or the Bonds, or (iii) that no changes, circumstances or events have occurred since the end of the fiscal year to which this report relates (other than as referred to in this report), or that no other information exists, which may have a bearing on the State's financial condition, the security for the Bonds, or an investor's decision to buy, sell, or hold the Bonds. The information contained in this report has been obtained from sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. No statement in this annual report should be construed as a prediction or representation about future financial performance of the State.

Dated: March 15, 1999

State of California

By Barbara Lloyd
 Deputy State Treasurer

Table 5
The California State University
Statement of Revenue Bonded Indebtedness
As of March 1, 1999

<u>Bond Issue</u>	<u>Outstanding Amount</u>
Headquarters Building Authority Revenue Bonds	30,680,000
Housing System Revenue Bonds (1)	230,863,000
Student Union Revenue Bonds:	
Bakersfield	1,645,000
Chico	22,325,000
Dominguez Hills	2,490,000
Fresno	4,695,000
Fullerton	9,715,000
Hayward	1,230,000
Humboldt	290,000
Long Beach	12,945,000
Los Angeles	6,395,000
Northridge	15,125,000
Pomona (2)	1,963,000
Sacramento	22,760,000
San Bernardino	2,940,000
San Diego	32,660,000
San Francisco	14,625,000
San Jose	22,665,000
San Luis Obispo	5,680,000
Sonoma	250,000
Stanislaus	930,000
Total Revenue Bonds Outstanding	442,871,000
State Public Works Board Lease Revenue	736,165,000
CSU Institute/CSU Deferred Maintenance	37,640,000
San Bernardino Continuing Education Building	1,565,000
	775,370,000
Total CSU Long Term Debt	1,218,241,000

(1) In prior years, the California State University Housing System defeased certain bonds by placing the proceeds of the refunding bonds in an irrevocable trust with the State Treasurer. The net proceeds of these refundings are invested by the Treasurer in U.S. Securities until the prior bonds are redeemed. The above noted amount does not include the prior bonds which currently are secured only by the net proceeds of the refunding bonds on deposit with the Treasurer.

(2) Reflects the authorized amount of an interim loan from the California Pooled Money Investment Board, which the Trustees expects to refinance with student union revenue bonds.